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Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EA-10 EUR-12 NEA-10
OIC-02 JUSE-00 DOEE-00 SSO-00 /168 W
----------038111 241656Z /44
P 241636Z JUL 78
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TO SECSTATE WASHDC PRIORITY 2463

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USMTN

STR FOR ACTION

STR PASS CODEL

11652: N/A
TAGS: MTN, ETRD
SUBJECT: CUSTOMS MATTERS SUBGROUP MEETING - JULY 19

1. SUMMARY - DESPITE RESERVATIONS OF SOME DELEGATIONS, NEW CUSTOMS VALUATION DRAFT (MTN/NTM/W/175 - HAND-CARRIED TO WASHINGTON BY SHARK) WAS GENERALLY ACCEPTED AS BASIS OF FUTURE WORK IN SUBGROUP. INDIAN DEL DISTRIBUTED PAPER CRITICIZING APPROACH OF W/175 AND MEXICAN DEL TOOK "HARD LINE" AGAINST W/175. U.S. DEL (NEWKIRK) INTRODUCED TOPIC OF COMMERCIAL COUNTERFEITING WHICH WAS PUT ON AGENDA FOR NEXT MEETING OF SUBGROUP.
END SUMMARY.

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2. EC DEL (CHUMAS) INTRODUCED W/175 DETAILING WORK THAT HAD TAKEN PLACE IN REDRAFTING ARTICLES 1-7 IN W/175. JAPANESE DEL (IZEKI) SUPPORTED NEW DRAFT ARTICLES, INCLUDING USE OF COMPUTED VALUE. FOR LATTER, HE SUGGESTED ADDITIONAL PHRASE IN ARTICLE 5(2) WHICH WOULD PREVENT USE OF ARTICLE 5 UNLESS THE PRODUCER OF THE GOODS AGREED TO SUPPLY NECESSARY DATA, I.E.,

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CUSTOMS COULD NOT COMPUTE VALUE ON THE BASIS OF INFORMATION ALREADY AVAILABLE. IZEKI RESERVED ON ARTICLE 6 AND MADE TRADITIONAL JAPANESE PITCH CONCERNING ADDITION OF ADVERTISING COSTS. NORDIC DEL (HAGFORS) WELCOMED THE DRAFT AS A SOLID BASIS FOR A NEW INTERNATIONAL VALUATION SYSTEM. HE INDICATED THAT NORDIC COUNTRIES DID NOT HAVE A POSITION ON ARTICLE 6.
3. REACTION OF OTHER DEVELOPED COUNTRIES WAS BRIEF. AUSTRALIAN DEL (CONLON) WAS PESSIMISTIC ABOUT DRAFT AND EMPHASIZED "UNREASONABLE" DEGREE OF FREEDOM NEW PROVISIONS WOULD GIVE IMPORTERS OVER CUSTOMS AUTHORITIES. (SEVERAL DELS, PARTICULARLY LDC'S MADE SIMILAR COMMENTS.) CANADIAN DEL (GORE) STATED THAT GOC WAS REVIEWING DRAFT AND WOULD CONTINUE TO PUSH FOR DEROGATIONS. U.S. DEL SUPPORTED PROGRESS REFLECTED IN W/175 AND NOTED THAT THE USG OBJECTIVE IN THE VALUATION CODE IS TO FACILITATE INTERNATIONAL TRADE AND TO REDUCE POTENTIAL TRADE RESTRICTIVEPREROGATIVES NOW IN THE HANDS OF COUNTRIES UTILIZING NOTIONAL SYSTEMS. HE INDICATED THE SYSTEM DESCRIBED IN W/175 ACHIEVES A REASONABLE BALANCE BETWEEN THE NEEDS OF CUSTOMS AND THE FACILITATION OF INTERNATIONAL TRADE.

4. LDC'S GENERALLY ACCEPTED NEW DRAFT WITH RESERVATIONS ABOUT COMPUTED VALUE AND OPTIONALITY. INDIAN DEL DISTRIBUTED A PAPER ANALYZING NEW DRAFT (HAND-CARRIED
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TO WASHINGTON BY SHARK) AND QUESTIONING WHETHER THE PROVISIONS ARE CONSISTENT WITH ARTICLE VII OF THE GATT. PRIMARY THRUST OF GOI PAPER IS THAT NEW CODE WILL ELIMINATE NOTIONAL VALUATION SYSTEMS. FYI - EC DEL TOLD U.S. DEL THAT GOI PAPER WAS WRITTEN BY EMPLOYEE OF CCC - END FYI. BRAZILIAN DEL RECOGNIZED PROGRESS IN W/175 AND REITERATED SEVERAL GOB POINTS NOT REFLECTED IN NEW DRAFT. MEXICAN DEL (ALVAREZ) STATED THAT W/175 WAS FAR FROM REACHING THE CONCERNS OF GOM. HE LISTED SEVERAL ELEMENTS NECESSARY FOR SPECIAL AND DIFFERENTIAL TREATMENT, INCLUDING GIVING LDC'S A TEN YEAR PERIOD TO STUDY THE NEW SYSTEM TO DETERMINE HOW THE NEW CODE WOULD REQUIRE CHANGES IN DOMESTIC LEGISLATION.

5. U.S. DEL INTRODUCED THE EVILS OF COMMERCIAL COUNTERFEITING TO SUBGROUP AND SUGGESTED IT BE ADDED TO AGENDA OF NEXT SUBGROUP MEETING. U.S. WAS SUPPORTED BY EC, CANADA, NEW ZEALAND, AND THE NORDICS.

6. COMMENT- WORK IN FALL WILL BEGIN WITH SUBGROUP MEETING IN EARLY SEPTEMBER. BEFORE THIS TIME U.S. DEL WILL NEED POSITIONS AND DRAFT LANGUAGE FOR REMAINING

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PARTS OF CODE, PARTICULARLY ADJUSTMENTS, APPEALS PROCEDURES, DISPUTE SETTLEMENT, AND RELATIONSHIP BETWEEN GATT AND CCC. THE OBJECTIVE WILL BE TO FINISH CODE BY MID-OCTOBER. FOR COMMERCIAL COUNTERFEITING, OTHER DELS ARE WAITING FOR U.S. LEAD. U.S. SHOULD BE READY TO TABLE AT FIRST SUBGROUP MEETING A DRAFT FROM WHICH NEGOTIATIONS CAN TAKE PLACE. END COMMENT.

7. DRAFTED BY SHELLEY. MCDONALD

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